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Governments and Industries Light Way to Climate Change Solutions

By Michael Northrop, *Rockefeller Brothers Fund*

A decade of disinformation campaigning paid for by U.S. oil and coal companies and their allies in Saudi Arabia and Kuwait have raised repeated questions about America's ability to reduce greenhouse gas (GHG) emissions without inflicting serious harm on the economy. Fears of potential economic damage have become part of the fabric of the U.S. climate policy debate and are a major impediment to progress on addressing the issue in Washington.

American policymakers and the public may now have reason to be more confident about the country's ability to reduce GHG emissions without doing harm. The body of experience growing up around the world indicates that GHG emissions can be reduced cost-effectively and perhaps even profitably in many instances. Examples from governments and companies at a variety of levels and locations tell a much different story than the one that circulates around Capitol Hill.

Corporate Advances

BP has cut its worldwide corporate greenhouse gas emissions by 20 percent. To do this, the company spent just over $20 million dollars, but it realized almost $650 million in savings. Senior management was so surprised, it moved responsibility for this work away from the environmental affairs division and installed it into line business units. Executives now say they are confident there is at least another $650 million in value to be realized from a next step in GHG reductions efforts. These shorter term goals are being complemented with a longer term objective of "de-carbonizing" the company's energy services.

LaFarge is the world's largest cement manufacturer. It produces GHG emissions equal to two Switzerlands. By changing its manufacturing processes, LaFarge has reduced GHG emissions by nearly 11 percent below 1990 emissions levels; by 2010, the company wants to reduce emissions by 20 percent. LaFarge is keen to continue this work since it is realizing significant cost savings and strengthening its competitive edge in the cement industry. Cement as an industrial sector is one of the largest corporate emitters of greenhouse gases, producing

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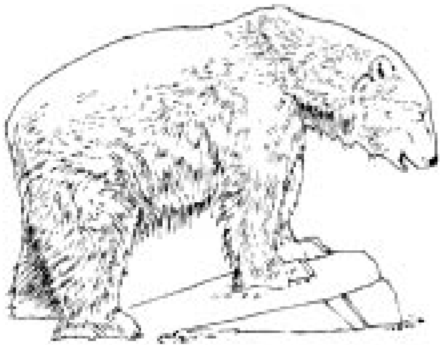


about five percent of global emissions. Now other manufacturers are following LaFarge's lead, and by doing so, the industry as a whole aims to make a significant dent in global emissions.

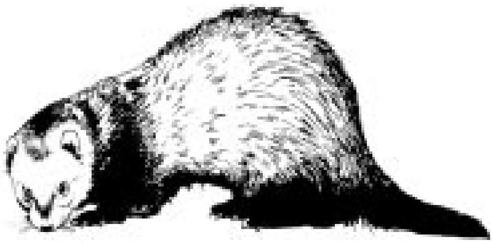
National Initiatives

Germany, which is the world's third largest economy, aims to reduce national emissions by 21 percent below 1990 levels by 2010. Emissions are already down by 19 percent. Officials think they can lower emissions by at least 40 percent by 2020. Germany's program is multifaceted, with scores of programs in place to support reductions. Building retrofits, energy efficiency, increased renewable energy generation, innovative finance schemes, and tax law changes are all having an impact. Recent studies undertaken by the German government indicate that these actions will stimulate economic growth, exports and employment, and make Germany more competitive.

The **U.K.**, which is Europe's second largest economy after Germany, agreed to a 12.5 percent reduction in greenhouse gas emissions by 2010 under the terms of its Kyoto commitment. A national emissions trading scheme and a corporate reductions program that involves 44 industrial sectors and 6,000 companies have both exceeded expectations, reducing emissions faster and more cheaply than expected. Based on its positive experience to date, the Blair government announced in 2003 its intention to cut emissions by a total of 20 percent by 2010. Prime Minister Blair also announced that his government intended to put the U.K. on track to reduce its emissions by 60 percent by 2050. Detailed analysis by the U.K.'s Department of Trade and Industry concluded the costs of these actions will be very small, totaling 6 months of GDP growth between now and 2050; the report makes no attempt to calculate the benefits of climate action, but these are believed to be substantial.

In **Canada**, which recently ratified its six percent Kyoto reductions target and is finalizing a national implementation plan, the province of **Manitoba** has decided that reducing GHG emissions can be a centerpiece of a comprehensive economic development strategy. Starting with its commitment to meet or exceed Kyoto by 2010, Manitoba has instituted an array of measures to reduce emissions in the short and medium term, including eliminating coal from its energy mix, increasing funding for energy efficiency, encouraging substitution of ethanol into gasoline blends, developing wind and geo-thermal power, introducing low-impact hydro, and undertaking research on hydrogen fuel use in buses and automobiles.

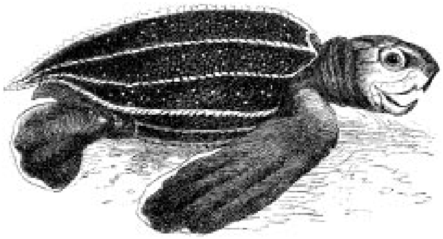
Manitoba is the bus manufacturing capital of North America, and sees fuel cell buses as a critical part of its economic future. Equally as interesting is Manitoba's decision, in collaboration with Ontario and Saskatchewan provinces, to begin assessing the feasibility of a national clean energy grid in Canada dependent on wind and low-impact hydro. The three provinces hope to support construction of the necessary transmission lines to carry renewable energy across the country. Through these actions, Manitoba expects to generate thousands of new jobs and be a zero net emissions economy in 12-15 years.



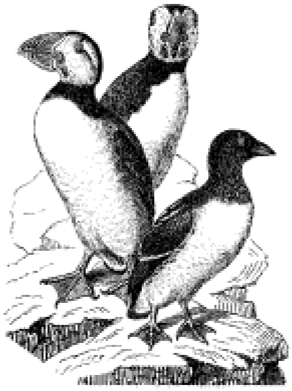
Municipal Activities

Municipal governments around the world are also taking action and profiting. In **Canada, 107 cities and counties**, representing half of the country's population, have announced their determination to reduce GHG emissions. To help cities develop plans and measures for lowering their emissions, the Canadian government along, with an NGO called the International Council for Local Environmental Initiatives (ICLEI), helped create a program called the Partnership for Climate Protection (PCP), which helps municipalities through a five-step process of emissions reductions.

To support this work, the federal government of Canada created a two-tiered fund totaling US$250 million that is administered by the Federation of Canadian Municipalities (FCM). Fifty million dollars is set aside for grants to help municipalities develop feasibility studies that determine where energy efficiency gains can be made. The remaining $200 million is in a revolving loan fund that cities draw on for energy efficiency projects that the feasibility studies identify. The results represent a possible model for use elsewhere. More than a hundred loans and grants have been made. Cities including **Ottawa, Calgary and Edmonton** have successfully used these resources to reduce their energy use, lower GHG emissions, and save money on their electricity bills. Full payback of the loans from the energy savings is averaging 3-7 years.



Toronto, which was the first city in the world to take on a GHG reductions commitment, is saving $19 million annually thanks to energy efficiency improvements it has made during the past ten years, all of which were financed by something called the Toronto Atmosphere Fund (TAF). TAF is the model for the larger $250 million federal fund of which other Canadian cities are now taking advantage. In addition to the savings generated from energy efficiency, Toronto also generates $1.5 million in annual revenue from the sale of electricity generated from methane gas that is captured at three city landfills. This methane recapture project was also developed and financed with assistance from the Toronto Atmosphere Fund.



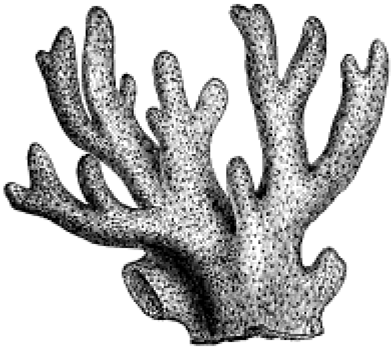
In **Australia**, 171 municipalities with two third's of the country's population are working their way through the same 5-step process Canadian cities use, but at a pace that already has 33 at the most advanced levels of activity. This is the fastest pace of any group of cities in the world. The 2002 progress report cited 780 actions by local councils. Building retrofits, streetlight efficiency, vehicle efficiency, methane capture, and greenpower purchases were the leading abatement measures.

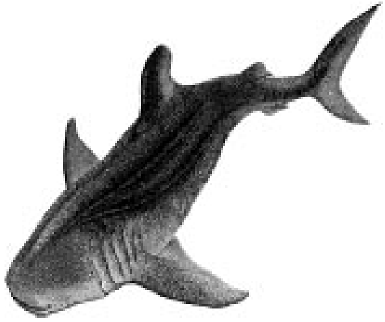
The Australian federal government provides grant and loan capital for these projects and municipalities match these contributions at a 3:1 rate. Summaries of projects to date indicate that Australian cities are not only undertaking this work to reduce emissions, but are also using these programs to generate jobs and local investment. Australian provinces are also moving forward on climate change. **Victoria, New South Wales**, and **South Australia** have all called on the federal

government to ratify Kyoto, and have each developed provincial GHG reductions strategies. **Victoria**'s strategy, for instance, includes more than 50 measures that it expects will deliver emissions reductions totaling 7.5 percent below 1990 levels by 2010. Together, these three states recently published a report showing that Australia would benefit financially by reducing emissions.

The first regional cities climate change network got started in **Europe** and currently includes 135 municipalities. They've been at it longer and as a result many European cities have already achieved significant reductions targets. These cities also report they are benefiting from cost savings associated with their work on energy efficiency. One example is **Heidelberg, Germany**. Since 1993, city planners there have methodically reduced energy use in city facilities. Today, energy use for heating is down 28 percent and GHG emissions have been reduced by 36 percent. For its efforts, the city saves $1.5 million annually on its fuel bill.

U.S. cities and counties are also active. One hundred and forty-one municipalities in the U.S. are enrolled in the ICLEI Cities for Climate Protection program. Eighteen months ago only 80 municipalities were participating. It is early days, but cities can already count 10 million tons of CO2 emissions reduced in the U.S. at the municipal level, with many times that in additional commitments. Cities doing this work are also able to count more than $90 million in savings from efficiency measures. Retrofitting municipal buildings, switching to more efficient public lighting systems; capturing and using landfill methane gas; and improving recycling programs and thereby avoiding additional landfill based methane emissions are the four most successful reductions strategies being implemented to date by U.S. cities.





Portland, Oregon was the first U.S. city to adopt a greenhouse gas reductions strategy. Portland's efforts have led to a 65 percent increase in public transit use, a recycling rate approaching 60 percent, and a strong public-private partnership to improve energy efficiency in apartments and commercial buildings. Officials estimate that energy efficiency programs have saved Portland businesses and residents at least $200 million since 1990.

Lessons Learned

Among the conclusions that emerge from these stories, three stand out. First, it is practical to reduce GHG emissions in a wide array of contexts using a variety of strategies. Second, emissions reductions programs are cost effective and often profitable; the long-term benefits are also seen as substantial in many instances. Third, there would be practical and political benefits from sharing these stories more widely. At a practical level, reducers themselves can gain from the experiences of their peers doing this work, and others hoping to begin reducing can learn from leaders in the field. Politically, profiling these stories will encourage policymakers to move forward faster.

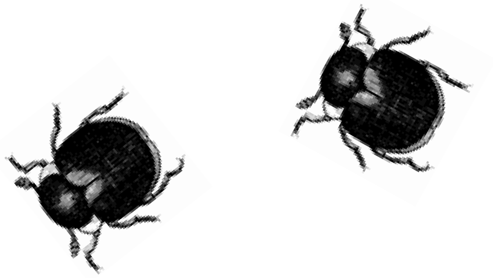
It appears the world is turning a corner on climate change. Even though international discussions about a multilateral climate accord are incomplete, a critical mass of GHG reducers is moving forward anyway in a variety of governmental, corporate, and civic settings. Their actions demonstrate that GHG reductions can be achieved in practical and cost effective ways. Policymakers and the public might be more willing to buck the will of fossil fuel interests if these stories were more widely known.

CGBD WORKING GROUPS

Climate and Energy

In July, the Climate & Energy Funders Group held a conference call with author Jeremy Rifkin on visions and strategies for a renewables-based hydrogen economy. The backdrop for this call was a two-day "hydrogen summit" in June in Brussels, which highlighted both a growing high-level interest in a hydrogen energy regime and very different paths to get there. European Commission President Romano Pradi, to whom Rifkin has served as an adviser, laid out a road map to move Europe aggressively toward building towards a hydrogen economy based on renewable energy sources. The US government, in contrast, announced a hydrogen partnership with heavy reliance on fossil fuels and nuclear energy as the means of freeing hydrogen for fuel cells.

More debate is likely — and welcomed, to highlight the implications of these different approaches as well as of other issues involved in a hydrogen future. Such issues may include: the democratic or corporate control of this more decentralized energy regime; potential economic benefits for debt-laden developing countries; natural resource requirements and impacts of a hydrogen economy; links or conflicts between smart growth and decentralized energy.



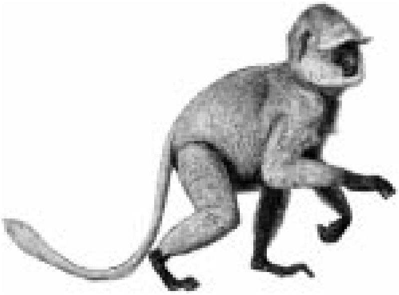
Forest Conservation

The *sustainable forestry subgroup* continues to work closely with the Forest Stewardship Council (FSC) and its NGO partners. In July, a number of the most active foundation supporters of the FSC-US met with key staff to review and discuss the new FSC strategic plan and budget and to review a fundraising strategy. In June, the *public forests subgroup* hosted a conference call on: the US Forest Service roadless areas policy (administrative and legal issues) and the unified forest defense campaign. Funders will continue to closely track these issues through the remainder of the year.

Marine Conservation

The MarineWorking Group conducted two conference calls in May. The initial call focused on certification of the Alaska pollock fishery and marine protected areas. The second call addressed marine wilderness, in particular the idea of a national campaign to develop federal policies and legislation establishing a system of marine parks or wilderness. On the June conference call, working group members concentrated on the release of the Pew Oceans Commission report and fisheries management issues in Alaska.

In mid-July, the Moore Foundation, Packard Foundation, and Tides Canada invited funders to join internationally renowned marine scientists, leading ENGOs, and First Nations representatives on a tour through the Broughton Archipelago and Clayoquot Sound, on the west coast of British Columbia. Departing from Vancouver, the tour included wilderness tours, a visit to a coastal open-net fish farm and land-based alternative technology farm, informative talks lead by a variety of experts, and a cultural tour and seafood feast with The 'Namgis First Nation.



Health and Environmental Funders Network (HEFN)

The Health & Environment Funders (HEFN) and others are actively collaborating on efforts to highlight a new wave of public policy approaches to environmental health. A June conference call spotlighted San Francisco's recent adoption of the Precautionary Principle. A July conference call featured experts on the European move towards a more health-protective, precautionary approach to the regulation of chemicals, and on US moves to challenge this under the banner of "trade barriers." The upcoming Environmental Grantmakers Association fall retreat will include a pre-conference institute on the Precautionary Principle. In October, the CGBD will host a series of public briefings in four US cities featuring a multi-stakeholder group of European chemicals policy experts.

In this "age of chemicals" some 80,000 chemicals are in production, most under-tested or untested. Decades of work have arisen from concerns about chemicals' impacts on the health of humans, ecosystems, and animals. Much of this work has focused on single chemicals: on trying to assess their impacts, prove that they are causing harm, and take action to mitigate that harm or get them out of use. The burden of proof has been on the public to demonstrate harm before action could be taken. Another wave of work is just beginning to come to fruition, one that takes a more comprehensive, health-protective approach to chemicals and one that seeks to shift the burden of proof from proving harm to proving safety and from consumers to producers. This is a very significant development in the field, and one that brings exciting opportunities, heated debates, and formidable challenges.

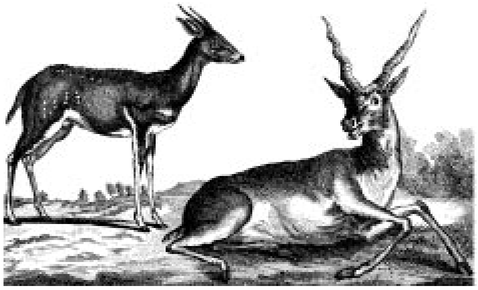
MEMBER NEWS

Aileen Lee has been named Director of the Wild Salmon Ecosystem Initiative at the Gordon and Betty Moore Foundation, where she was formerly a senior program officer.

Amy Elkes has left the Oak Foundation to pursue her MBA at Georgetown University. **Jennifer Arrowsmith** has replaced her as Program Assistant at the Foundation. Jennifer comes to Oak from Boston University, where she earned a master's degree in business administration with a dual concentration in Public/Nonprofit Management and International Management. Jennifer spent two years in Western Samoa as a Peace Corps volunteer, teaching accounting, computers, and business studies to local students. Prior to the Peace Corps, she worked as an auditor for KPMG LLP in Washington D.C.

Jennifer Patrick was promoted to Associate Program Officer. She focuses primarily on landscape conservation, environmental leadership development, and capacity building, and contributes to the overall communications and management of the Foundation.

In June, **Michael Conroy** left his position as Senior Program Officer at the Ford Foundation. In the Fall, he will become Senior Lecturer and Senior Research Scholar at Yale University's School of Forestry and Environmental Studies, working within its Global Institute for Sustainable Forestry and especially with its Program on Forest Certification.



UPCOMING EVENTS

Sep. 6-10. The Wildlife Society Annual Conference (Burlington, VT). Contact: tws@wildlife.org or (301) 897-9770.

Sep. 21-28. XII World Forestry Congress (Quebec, Canada). Contact: WFC Rome 39.06.57055879 or WFC-XII@fao.org

Sep. 22-26. Oceans 2003 Marine and Technology and Ocean Science Conference (San Diego, CA). Contact: www.oceans2003.com/default.asp.

Oct. 16-19. Land Trust Alliance Rally (Sacramento, CA). Contact: www.ita.org

Oct. 25-29. Society of American Foresters National Convention (Buffalo, NY). Contact: SAF, (301) 897-8720.

Oct. 30-31. Ecosystems: Restoration and Creation (Tampa, FL). Contact: www.hccfl.edu/depts/detp/eco-conf.html.

Nov. 4-8. North American Lake Management Society 2003: Protecting Our Lakes' Legacy (Mashantucket, CT). Contact: www.nalms.org.

Nov. 13-15. Society for Ecological Restoration Annual Conference (Austin, TX). Contact: SER, www.ser.org.

Dec. 1-5. International Wildlife Management Congress (Christchurch, New Zealand). Contact: www.conference.canterbury.ac.nz/wildlife2003.

"We delayed and did nothing, in spite of one environmental warning after another—and now we're freezing over!"

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